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TO RUEHC/SECSTATE WASHDC PRIORITY 1006
INFO RULSDMK/DEPT OF TRANSPORTATION WASHDC
RUCPDOG/USDOC WASHDC
RHMFIUU/HQ USSOUTHCOM MIAMI FL
RUEKJCS/SECDEF WASHDC
RHMFIUU/FAA NATIONAL HQ WASHINGTON DC
RUEAYVF/FAA MIAMI ARTCC MIAMI FL
RUEWMFU/TSA HQ WASHINGTON DC
RUWDQAB/NTSB WASHINGTON DC
RUEHRI/AMCONSUL RIO DE JANEIRO 5780
RUEHSO/AMCONSUL SAO PAULO 1597
RUEHRG/AMCONSUL RECIFE 7681
RUEHBU/AMEMBASSY BUENOS AIRES 5302
RUEHSG/AMEMBASSY SANTIAGO 0148
RUEHMN/AMEMBASSY MONTEVIDEO 7211
RUEHAC/AMEMBASSY ASUNCION 6578
RUEHPE/AMEMBASSY LIMA 3686
RUEHBO/AMEMBASSY BOGOTA 4444
RUEHCV/AMEMBASSY CARACAS 3961
RUEHLP/AMEMBASSY LA PAZ 5953
RUEHQT/AMEMBASSY QUITO 2383
RUEHPO/AMEMBASSY PARAMARIBO 1441

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SUBJECT: BRAZIL CIVAIR: MEETINGS WITH MINISTRY OF DEFENSE, ANAC
REGARDING PROPOSED GUARULHOS PARKING FEE INCREASE

REF: (A) BRASILIA 169; (B) BRASILIA 129; (C) STATE 3163

¶1. (SBU) On February 13, during a meeting with Brazilian Defense Minister Nelson Jobim primarily to discuss Jobim's March visit to Washington, the Ambassador raised the issue of the proposed aircraft parking fee increase at Sao Paulo's Guarulhos airport. The measure was announced in December by national civil aviation agency ANAC and included a public comment period which elicited submissions from relevant stakeholders, including all four U.S. carriers. The proposed fee increase would raise the fee 5200% for those aircraft parking at Guarulhos in excess of three hours. While the measure would apply to all carriers, including Brazilian, it would create the greatest hardship for carriers from the U.S., Japan, and other nations who by necessity park the longest. It also appears to violate Article 10 of our bilateral air services agreement in terms of being a "reasonable" fee increase.

¶2. (SBU) Ambassador explained that this issue was extremely important to U.S. companies, who are pressing for a resolution. Jobim indicated he was sensitive to the request from U.S. companies and said he was committed to resolving the issue. He indicated that the GOB is looking at alternatives, and believed they would be ready to present them by the end of March.

¶3. (SBU) In a separate meeting on February 14, ANAC Directors Marcelo Pacheco dos Guarany and Andre Gomes de Barros told Econoff that it is not ANAC's intention to inhibit or decrease travel to and from Sao Paulo. Initially the agency had thought airlines could

feasibly fly to Rio from Sao Paulo (without passengers) to park and then fly back to Sao Paulo for their evening flights. As a result of industry comments, they now understand the economic impact on the airlines. While some fare increase is still on the table, the Directors indicated that the Ministry of Defense has commissioned studies from IATA regarding alternative solutions to Sao Paulo's infrastructure challenges. Therefore, off the record, the Directors conceded that the original fee proposal likely will not go into effect March 16 as originally announced. The government will need sufficient time to review the results of the IATA studies.

SOBEL